

81ST CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } No. 2162

PROVIDING FOR THE ADMINISTRATION OF PERFORMANCE-RATING PLANS FOR CERTAIN OFFICERS AND EMPLOYEES OF THE FEDERAL GOVERNMENT

MAY 29, 1950.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MURRAY of Tennessee, from the Committee on Post Office and Civil Service, submitted the following

REPORT

[To accompany H. R. 7824]

The Committee on Post Office and Civil Service, to whom was referred the bill (H. R. 7824) to provide for the administration of performance-rating plans for certain officers and employees of the Federal Government, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

The amendments are as follows:

1. Page 2, strike out lines 4 to 9, both inclusive, and insert in lieu thereof the following:

- (b) This Act shall not apply to—
- (1) the Tennessee Valley Authority;
 - (2) the field service of the Post Office Department;
 - (3) physicians, dentists, nurses, and other employees in the Department of Medicine and Surgery in the Veterans' Administration whose compensation is fixed under Public Law 293, Seventy-ninth Congress, approved January 3, 1946;
 - (4) the Foreign Service of the United States under the Department of State;
 - (5) Production Credit Corporations;
 - (6) Federal Intermediate Credit Banks;
 - (7) Federal Land Banks;
 - (8) Banks for Cooperatives;
 - (9) officers and employees of the municipal government of the District of Columbia whose compensation is not fixed by the Classification Act of 1949 (Public Law 429, 81st Cong., approved October 28, 1949).

2. Page 5, line 14, strike out beginning with the word "is" down through the word "with" in line 15, and insert in lieu thereof the following: "does not meet the requirements of".

PURPOSE OF AMENDMENTS

(1) The first amendment revises subsection (b) of section 1 of the bill in the following manner: (a) The exemption applying to employees in the Territories and possessions of the United States is omitted, (b) adds additional exemptions including the production credit corporations, Federal intermediate credit banks, Federal land banks, banks for cooperatives, and officers and employees of the municipal government of the District of Columbia who are not under the Classification Act of 1949, and (c) makes a perfecting revision in the language relating to the Department of Medicine and Surgery of the Veterans' Administration.

(2) The second amendment is merely a perfecting amendment which changes the language of subsection (c) of section 8 by inserting language which is more consistent with the other provisions of the bill.

STATEMENT

The purpose of the bill, amended as shown above, is to provide for a performance-rating system for certain officers and employees of the Federal Government to replace the existing efficiency rating system provided for in title IX of the Classification Act of 1949.

The bill applies generally to all departments and agencies in the executive branch of the Government, with the exception of certain departments and agencies or parts thereof which, in the judgment of the committee, have satisfactory performance-rating systems for their employees.

With respect to the departments and agencies covered, the general policy is provided that each department and agency shall establish and use a performance-rating system for evaluating the work performance of its employees under performance-rating plans approved by the Civil Service Commission.

The legislation provides that performance-rating plans shall be as simple as possible, that work-performance requirements be made known to the employees affected, and that operation of the performance-rating system shall improve the effectiveness of the employees' performances and strengthen supervisor-employee relationships.

The present ratings of "Excellent," "Very good," "Good," "Fair," and "Unsatisfactory" are replaced by three ratings of "Satisfactory," which corresponds to the former efficiency rating of "Good" as used in the Veterans' Preference Act of 1944 and other laws superseded by this legislation; "Unsatisfactory," which rating shall serve as a basis for removal from the position in which such unsatisfactory performance is rendered, and "Excellent," which shall be accorded when all aspects of work performance not only exceed normal requirements but are outstanding and deserve special commendation.

The legislation further provides that no officer or employee shall be rated "Unsatisfactory" without a 90-day prior warning and a reasonable opportunity to demonstrate satisfactory performance. Although this requirement is included in rules and regulations of the Civil Service Commission at the present time, the committee believed the provision should be included in this bill.

The procedure provided for in the bill with respect to the establishment of boards of review for the purpose of considering performance-

rating appeals is identical with the present procedure with respect to efficiency-rating appeals.

The appellant whose performance rating is less than "Excellent" shall be entitled as a matter of right to a hearing and decision on the merits of the rating appealed, and such appellant or his designated representative, as well as representatives of the employing department, shall be afforded an opportunity to submit pertinent information orally or in writing and to hear or examine and reply to information submitted by others.

The present rights of Federal employees to appeal their efficiency ratings to an impartial and independent board of review is included in the legislation. In addition, upon the request of any officer or employee of a department covered by the legislation, such department shall provide an impartial review of the performance rating of such officer or employee.

The Civil Service Commission is authorized by the legislation to issue such regulations as may be necessary for the administration of the provisions of the bill. Also, the Commission is responsible for the inspection of performance-rating plans and may revoke its approval of such plans if it determines that such plans are not being administered in compliance with the provisions of the bill.

The bill amends section 701 of the Classification Act of 1949 (Public Law 428, 81st Cong., approved October 28, 1949), by striking out the requirement that an officer or employee must have his service and conduct certified as satisfactory before such officer or employee is entitled to within-grade step increases or longevity step increases provided for in title VII of the Classification Act of 1949. Such within-grade or longevity step increases would be granted when an officer or employee has a current performance rating of "Satisfactory" or better.

The bill specifically repeals title IX of the Classification Act of 1949 which provides for the present efficiency rating system and other acts or parts of acts which are inconsistent with the provisions of the bill.

Extensive hearings were conducted with respect to this legislation at which time representatives of Federal employee organizations, including the American Federation of Government Employees, the National Federation of Federal Employees, Government Employees' Council, and the American Federation of Labor appeared and unanimously supported the provisions of the bill.

The Civil Service Commission and the Bureau of the Budget submitted reports to the committee regarding this legislation which stated that the bill represented an improvement over the present efficiency rating system, but suggested amendments striking out certain provisions which the committee considers vital to the proper administration of a performance-rating system affecting Federal employees.

Commissioner Frances Perkins appeared before the committee and expressed the views of the Civil Service Commission and specifically opposed the requirement that the departments and agencies covered by the legislation should be required to establish and use one or more performance-rating plans for evaluating the work performance of their officers and employees. Also, Commissioner Perkins stated the Commission believed it was unnecessary for the legislation to contain language outlining broad policy with respect to the contents of

performance-rating plans. In addition, the Commission was opposed to the language of the bill which provided for an independent and impartial board of review in each department, whose chairman shall be designated by the Civil Service Commission, to review appeals of officers and employees from performance ratings of less than "Excellent."

The committee carefully considered the proposals of the Civil Service Commission with respect to amending the legislation, but agreed unanimously: (1) That departments and agencies covered by the legislation should be required to provide performance-rating plans, subject to the approval of the Civil Service Commission, (2) that the bill should outline appropriate broad policy under which performance-rating plans are to be administered, and (3) that officers and employees covered by the bill are entitled to impartial reviews of their performance ratings through appeals to an independent board composed of a member designated by the head of the employing agency, a member designated by the employees of such agency, and a chairman designated by the Civil Service Commission.

According to information furnished the committee during the last 8 years, 46 percent of employee appeals to efficiency rating boards of review were adjudicated in favor of the appellants. This record fully justifies the position of the committee against abolition of employee appeals to boards of review in connection with performance ratings. The present rights of Federal employees should be preserved.

The general objective of the legislation is to provide a more flexible and workable performance-rating system for Federal employees. In the opinion of the committee the bill provides adequate safeguards for all Federal employees and will result in a more efficient Federal civil service. Although the legislation contains general policy requirements, there is sufficient flexibility to allow the Civil Service Commission and the departments and agencies to work out, within reasonable limitations, performance rating plans which will be superior to the efficiency-rating system under present law.

The committee estimates that the legislation will result in a saving in Federal funds, by reason of the fact there will be less performance-rating appeals by Federal employees since the number of ratings has been reduced from five to three.

Section 903 of the Classification Act of 1949 provided that the Civil Service Commission should make a study of the efficiency-rating system in the Federal service and submit a report to the Congress on or before February 1, 1950. Appendix 1 contains a history of the efficiency-rating system included in that report.

The reports of the Civil Service Commission dated March 30 and March 1, 1950; the Bureau of the Budget dated May 12, 1950; and the District of Columbia Commissioners dated May 2, 1950, are as follows:

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D. C., March 30, 1950.

HON. TOM MURRAY,
Chairman, Committee on Post Office and Civil Service,
United States House of Representatives.

DEAR MR. MURRAY: This is in response to the request in your letter of March 24, 1950, which we acknowledged on March 27, 1950, for a report on a bill, H. R. 7824, to provide for the administration of performance-rating plans for certain officers and employees of the Federal Government, and for other purposes.

Although this bill is somewhat similar to H. R. 7264, which follows the draft of the Commission's recommendations in its report of January 31, 1950, it is different in several respects.

H. R. 7824 proposes mandatory-rating plans in lieu of optional-evaluation plans recommended by the Commission. We believe that practically all Federal agencies will find it necessary to use plans for evaluating employee performance, but there may be an advantage in permitting each agency to make this decision. The agency would then use such a plan because it needed it, and not merely because it was required to. At the same time, H. R. 7824 follows the Commission's recommendations in giving wide latitude to agencies in devising plans to meet their particular requirements. This degree of latitude is essential.

Summary ratings are required in H. R. 7824, instead of being optional as recommended by the Commission. If summary ratings are to be required, the Commission favors the provisions as stated in section 6 of the bill.

In lieu of the Commission's proposal that performance ratings should not be the basis for any personnel action, H. R. 7824 provides that an "Unsatisfactory" rating shall be a basis for the removal of an employee from his position, and that periodic and longevity step increases shall be awarded solely on the basis of "Satisfactory" or better ratings on the completion of the time periods. With respect to removals, the Commission could provide by regulations that such actions would be handled by the preferment of charges in line with recommendations in our report. However, we feel very strongly that increases in pay should not be automatic.

Under the present provisions of law, a periodic or longevity step increase is granted only when an employee has at least a satisfactory rating, and is also certified as being satisfactory as to service and conduct. The certificate reflects not only performance facts since the last rating date, but also permits consideration of conduct factors which are not considered in a rating of performance. The requirement of the certificate makes it necessary for an agency to make a current review of all factors which should be considered before approving the payment of a higher rate of pay for the employee and to determine whether or not the increase should be granted. We believe that this current review, accomplished through the requirement of a certificate as a condition to an increase in pay, is more important for this purpose than the performance rating, which may have been prepared some months previously. We have no serious objection to the retention of the performance rating as a condition to step increases in pay, but we seriously doubt the wisdom of eliminating the further requirement of a certificate of satisfactory service and conduct.

With respect to performance-rating appeals, H. R. 7824 contains the provision for an impartial review within the agency, recommended by the Commission, and superimposes the board of review provisions of the present law. In effect, this would give statutory sanction to current practices whereby delays in rating determinations, and in final actions based on ratings, are brought about by successive appeals, first within the agency, and later to boards of review. The Commission recommended that it be relieved of its present responsibility for the administration of a performance-rating appeals program, and that a single impartial review be provided in each agency. If the Congress determines that the present board of review program is the most desirable method of deciding performance-rating grievances, the Commission will administer the program accordingly. However, we do not believe that the law should require more than one impartial review of any appealed performance rating. If the board of review program is to be continued, it should be the only appeal required by law, and administrative measures should be applied to insure prompt decisions on the merits of appealed cases.

The Commission is somewhat concerned with the language of section 7 (c) which confers the absolute right upon every employee dissatisfied with his performance rating, not only to appeal to a board of review, but to have the benefit of an expensive hearing, whether or not he presents evidence that the rating may be wrong. We can concede, as a matter of principle, that any employee who is rated as "Unsatisfactory" should have the benefit of a hearing upon his request without having to submit any particular reasons for appealing. However, we believe that an employee with a satisfactory rating should present at least some evidence of error in the rating before the expensive hearing procedure is called into action. This is a matter that can probably be covered better by regulations than by law. The authority to modify the stated right by regulation could be expressed by starting subsection 7 (c) with the words "Subject to regulations of the Civil Service Commission."

Section 2 (b) of the bill exempts employees in the Territories and possessions of the United States from the performance rating provisions. However, many of such employees would be subject to the step-increase provisions of the Classification Act of 1949 as amended by section 9 of the bill. We recognize that there are difficulties of administration with respect to the provisions of sections 7 and 8 of the bill, not only in the Territories and possessions of the United States, but with respect to employees of many departments and agencies at foreign posts of duty. It is suggested that subsection 2 (b) could be amended by eliminating "employees in the Territories and possessions of the United States," and that a subsection (c) could be added, making the provisions of the bill applicable "to the extent practicable" to employees at foreign-duty stations and in the Territories and possessions of the United States.

Although H. R. 7824 proposes less drastic revisions in laws governing performance ratings than those recommended in the Commission's report of January 31, 1950, it represents a distinct improvement over the present statutory requirements. If revisions are made as recommended above, the Commission would recommend favorable consideration of the bill.

Because of the need for immediate report, the Commission has not been able to clear this report with the Bureau of the Budget.

By direction of the Commission:

Sincerely yours,

HARRY B. MITCHELL, *Chairman.*

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D. C., March 1, 1950.

HON. TOM MURRAY,
*Chairman, Committee on Post Office and Civil Service,
United States House of Representatives.*

DEAR MR. MURRAY: We have your letter of February 27, 1950, requesting information for consideration in connection with H. R. 7264, a bill to authorize the establishment of methods for the evaluation of the performance of work of Federal employees, and for other purposes. The following information is submitted in response to this request:

(1) Statistical analysis of the appeals handled by efficiency rating boards of review, by fiscal years, since 1942:

Year	Appeals received	Decisions rendered						Other disposals
		Raised		Sustained		Lowered		
		Number	Percent	Number	Percent	Number	Percent	
1942	287	107	56.0	81	42.4	3	1.6	79
1943	1,027	187	50.8	175	47.6	6	1.6	244
1944	1,121	356	48.6	370	50.6	6	.8	598
1945	1,333	388	50.3	376	48.7	8	1.0	434
1946	1,671	402	49.0	410	50.0	8	1.0	704
1947	1,670	378	42.2	503	56.2	14	1.6	440
1948	1,416	467	41.8	641	57.3	10	.9	725
1949	1,178	310	41.3	441	58.7	0	.0	357
Total	9,703	2,595	46.0	2,907	53.0	56	1.0	3,581

NOTE.—Other disposals represent cases which were canceled or abandoned, many of which were adjusted or explained by the agencies to the satisfaction of appellants.

Analysis of 751 decisions in fiscal year 1949:

120 cases were appeals from "Unsatisfactory" ratings:

67 or 55.8 percent were sustained

32 or 26.7 percent were raised to "Fair"

20 or 16.7 percent were raised to "Good"

1 or 0.8 percent was raised to "Very good"

155 cases were appeals from "Fair" ratings:

81 or 52.3 percent were sustained

67 or 43.2 percent were raised to "Good"

7 or 4.5 percent were raised to "Very good"

347 cases were appeals from "Good" ratings:

214 or 61.6 percent were sustained

122 or 35.2 percent were raised to "Very good"

11 or 3.2 percent were raised to "Excellent"

129 cases were appeals from "Very good" ratings:

79 or 61.2 percent were sustained

50 or 38.8 percent were raised to "Excellent"

Of the total cases, 441 or 58.7 percent were sustained, 271 or 36.1 percent were raised one level, 38 or 5.1 percent were raised two levels, and 1 or 0.1 percent was raised three levels

(2) In the fiscal year 1949, the Commission expended \$108,276, representing 23.2 man-years (2,088 man-hours per man-year), on efficiency-rating appeals. This activity is expected to cost \$148,281, representing 29 man-years, in fiscal year 1950.

The Commission also expended \$82,343, representing 13 man-years (2,088 man-hours per man-year), in fiscal year 1949 for efficiency-rating advisory service. This activity is estimated to cost \$52,669, representing 8.1 man-years, in fiscal year 1950.

If boards of review are discontinued as proposed in H. R. 7264, the cost of handling efficiency-rating appeals would be eliminated. However, there would be little, if any, reduction in the cost of the efficiency-rating advisory service. Furthermore, under the provisions of H. R. 7264, the Commission would undertake an inspection function which would absorb a part of the savings in present activities. We could also expect some increase in the cost of handling war veterans' appeals under section 14 of the Veterans' Preference Act since the Commission would have to consider performance factors in some cases where performance factors are now decided by efficiency-rating boards of review. In view of these circumstances, no specific estimate of savings can be supplied at this time.

The Commission believes that substantial savings would result in operating departments and agencies if H. R. 7264 is enacted into law, even if there is no reduction in the cost of operations within the Commission. The fact that boards of review now cost other departments and agencies at least twice as much as they cost the Commission, is only a fraction of the savings which would be realized. The change from complex to simple rating systems, contemplated in H. R. 7264, would accomplish greater savings than the mere elimination of boards of review.

(3) H. R. 7264 would not detract from the preference granted to war veterans by section 12 of the Veterans Preference Act, in reductions in force. Even in the cases of agencies which decided not to use performance evaluations, each war veteran would continue to have absolute preference. The Commission now holds that a war veteran shall be considered as "Good" or better, and thereby entitled to absolute preference, unless he is officially rated less than "Good" under a rating system which the Commission has approved. This interpretation of the law would continue to be applied if H. R. 7264 is enacted into law.

Section 14 of the Veterans Preference Act prohibits adverse actions against war veterans, except for reasons which promote the efficiency of the service, and gives them the right to appeal from such actions to the Commission. Under present law, the decisions of boards of review establishing efficiency ratings are not further reviewable by the Commission. If H. R. 7264 is enacted into law, all factors of adverse actions against war veterans would be reviewed on appeals to the Commission. To that extent, war veterans would receive some extension of benefits by the enactment of H. R. 7264.

By direction of the Commission:

Sincerely yours,

HARRY B. MITCHELL, *Chairman.*

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., May 12, 1950.

HON. TOM MURRAY,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives, Washington, D. C.*

MY DEAR MR. MURRAY: Reference is made to your letter of March 24, 1950, requesting the comments of the Bureau of the Budget with respect to H. R. 7824, a bill to provide for the administration of performance-rating plans for certain officers and employees of the Federal Government, and for other purposes.

Section 3 of H. R. 7824 would require each department to establish and use one or more performance-rating plans. We believe the reference should be to performance "evaluation" plans rather than "ratings," and that the use of such plans should be optional with the departments. In the event a department elects to utilize such plan, the Civil Service Commission's approval should be a prerequisite.

Section 3 also provides that these performance-rating plans shall be used to recognize the merits of officers and employees and to recognize their contributions to efficiency and economy. We doubt the suitability of performance ratings for this purpose and believe the publicity attendant upon such recognition could better accompany awards under title X of the Classification Act of 1949. We further believe that a periodic evaluation of the performance of any officer or employee should be primarily for the purpose of bringing about improved performance and might lead to reassignments, training programs and the like rather than to public awards.

Although the performance-evaluation plan standards listed in section 5 are meritorious, we feel that under paragraph (5), the requirement that the officer and employee be "promptly notified of their performance rating" should be omitted. We believe that the remainder of paragraph (5), that "each officer and employee be kept currently advised of his performance," is desirable.

Section 6 would require each departmental performance-rating plan to include at least three summary ratings: "Satisfactory," "Unsatisfactory," and "Excellent." We believe experience with performance evaluation in the Federal Government suggests that no such summary ratings should be required. The fundamental requisite in performance evaluation of an employee by his supervisor is a sufficiently detailed review of the employee's performance to permit reaching discriminating conclusions as to desirable action to be taken to improve that performance. When performance evaluations are required to lead to the selection of a summary rating, the tendency has been to debase the quality of the comparison of actual job performance with performance standards. We believe that no summary ratings should be required in the statutes.

Section 7 (a) requires each department to afford its employees one impartial review of the performance evaluation made by his supervisor, and we believe this to be sound. However, section 7 (b), (c), and (d) provides a system of formal appeals with hearings, briefs, examination of information submitted by others, etc. All of this appeals system is apparently made necessary by the summary ratings. Many years of experience in the Federal service with efficiency rating appeals systems of one kind or another leads us to the conclusion that they, along with the summary-type ratings, are not in the interest of improved job performance. Following such formal adversary type of appeal proceedings, the supervisor and the employee find it difficult, perhaps impossible, to adjust to cooperative, productive working relationships. Just as we cannot support the summary types of ratings, we cannot support the formal appeals systems which these ratings lead employees and supervisors, in the interest of fairness and equity, to demand.

Section 9, if enacted, would remove from section 701 of the Classification Act of 1949 the requirement that the employee's service and conduct be certified as satisfactory as a condition to receiving the longevity step increase. Section 9, on the other hand, would continue the requirement that the employee have a current performance rating of "Satisfactory" or better. We believe that the requirement of certification of satisfactory service and conduct should be retained and that the requirement of a current performance rating of a "Satisfactory" (or "Good") should be omitted.

Section 10 would continue the requirement of section 703 of the Classification Act of 1949 of a "Satisfactory" (or "Good") performance rating for a longevity step increase. We believe that this requirement should be changed to a certification of satisfactory service and conduct. Along with other personnel actions which depend mainly on an efficiency rating, we believe this requirement promotes controversy and is of doubtful value in improving performance.

H. R. 7824 makes no reference to, and thus continues in force, the present statutory requirements basing reductions in compensation, demotions, and dismissals solely on efficiency ratings. We believe the summary types of performance ratings have become a substitute for penetrating performance analysis and feel that personnel actions, particularly those involving loss in pay or employment status, should be geared to a specific certification of the presence or absence of satisfactory service and conduct. Performance evaluations, to be fully effective in the Federal service, should become an instrument of supervisor-employee understanding and should be based chiefly, as section 5 of H. R. 7824 appears to

ADMINISTRATION OF PERFORMANCE-RATING PLANS

9

intend, on a thorough review of the employee's performance in comparison with well-understood and accepted standards of performance.

Since receiving your request for our comments, we have reviewed the report on H. R. 7824, submitted by the Civil Service Commission to your committee. We believe our views regarding H. R. 7824, coincide with those expressed by the Commission. We agree with the Civil Service Commission that their proposals for the establishment of a performance-reporting system are preferable to the proposals in H. R. 7824. However, should the committee decide that the recommendations of the Bureau of the Budget and the Civil Service Commission cannot be accepted, we feel that H. R. 7824, with the modifications proposed by the Civil Service Commission in its report, would result in some improvement over the present system.

Sincerely yours,

F. J. LAWTON, *Director.*

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
Washington, D. C., May 2, 1950.

Hon. TOM MURRAY,
*Chairman, Committee on Post Office and Civil Service,
United States House of Representatives, Washington, D. C.*

MY DEAR MR. MURRAY: The Commissioners have for report H. R. 7824, Eighty-first Congress, a bill to provide for the administration of performance-rating plans for certain officers and employees of the Federal Government, and for other purposes.

The bill provides that each department of the Federal Government shall establish and use one or more plans for evaluating work performance of its officers and employees and that no officer or employee be rated for any purpose except under a plan approved by the Civil Service Commission. The municipal government of the District of Columbia is included in the definition of "department."

Section 5 requires, among other things, that the plan provide that performance requirements be made known to all officers and employees.

Section 6 provides that every plan have at least "Satisfactory," "Unsatisfactory," and "Excellent" ratings and that no employee be rated "Unsatisfactory" without a 90-day warning and a reasonable opportunity to demonstrate satisfactory performance.

Section 7 (a) provides for one impartial review of the rating of any officer or employee requesting it.

Section 7 (b) authorizes the establishment in each department of one or more boards of review to pass upon the merits of performance ratings. Each board would consist of three members, one designated by the head of the department, one designated by the employees of the department and one, serving as chairman, designated by the Civil Service Commission.

Section 7 (c) provides that upon written application to the chairman of the board of review any employee shall be entitled to a hearing upon any rating which is less than excellent.

Section 8 (a), (b), and (c) authorizes the Civil Service Commission to make regulations for administration of the act, to inspect administration of rating plans and to revoke its approval of any plan after notice to the department that the plan is not being administered according to the act and regulations. Section 8 (d) provides that after notice of revocation the department must use a rating plan prescribed by the Commission.

Section 9 amends section 701 of the Classification Act of 1949 in such a manner as to eliminate the requirement now in law that before an officer or employee may receive a within-grade increase in salary it must be shown, "That the services and conduct of such officer or employee are certified as being otherwise satisfactory by the department."

There are a number of classes of employees of the District of Columbia government to whom the provisions of the act should not in any event be applied. These classes are those mentioned in paragraphs 4, 5, and 7 of section 202 of the Classification Act of 1949.

One of the classes to whom the act should not apply are teachers and school officers under the Board of Education. The Superintendent of Schools has reported that section 9 of H. R. 7824 would be in direct conflict with section 7 of the District of Columbia Teachers' Salary Act of 1947 which reads as follows:

"Sec. 7. On July 1, 1948, and on the first day of each fiscal year thereafter, if his work is satisfactory, every permanent teacher, school officer, or other employee

except as provided in section 2 of this Act, shall receive an annual increase in salary within his salary class or position as hereinbefore provided without action of the Board of Education, except that after a teacher, school officer, or other employee has received five annual increases he shall receive no further increases until he is declared eligible therefor by the Board of Education on the basis of such evidence of successful teaching in the case of a teacher or outstanding service in the case of a school officer or other employee and of increased professional attainments as the Board of Education may prescribe, and that after having been declared so eligible and after having received five more annual increases, he shall receive no further increases until he is declared eligible therefor by the Board of Education on the basis of such evidence of successful teaching in the case of a teacher or outstanding service in the case of a school officer or other employee and of increased professional attainments as the Board of Education may prescribe. A program of in-service training under regulations to be formulated by the Board of Education shall be established to promote continuous professional growth among the teachers, school officers, and other employees, and such teachers, school officers, and other employees shall annually report evidence of participation in the in-service training program thus established and other evidence of professional growth and accomplishment."

He also states that ever since enactment in 1906 of the organic act for the District schools the Board of Education has operated its own rating system and the action of the Board has been final insofar as certificated employees are concerned. The Superintendent of Schools has recommended that the employees of the Board of Education whose salaries are fixed by the District of Columbia Teachers' Salary Act of 1947 as amended, be exempt from the provisions of H. R. 7824.

The Major and Superintendent of Police and the Chief Engineer of the Fire Department of the District of Columbia, respectively, have indicated their very strong opposition to the inclusion of the uniformed forces of the Police and Fire Departments within the scope of the bill. Both departments have statutory trial boards for enforcing discipline and compliance with the rules and regulations for the guidance of the officers and members of the respective forces. A copy of the reports of the Major and Superintendent of Police and of the Chief Engineer of the Fire Department are enclosed.

The District of Columbia has a class of employees who are compensated under a wage scale fixed by the District Commissioners under authority granted by Congress. There is a very large turn-over in this class of employees known as per diem employees and it is the opinion of District authorities that it would not be practicable to apply the provisions of H. R. 7824 to these employees.

The Commissioners are constrained to recommend adverse action on H. R. 7824 for the reason that the present systems of rating employees of the District are satisfactory.

However should the committee decide to take favorable action on the bill the Commissioners recommend that the following amendment be adopted: Page 2, following line 9, insert the following subsection:

"(c) This Act shall not apply to the following officers and employees:

"(1) teachers, school officers, and employees of the Board of Education of the District of Columbia, whose compensation is fixed under the District of Columbia Teachers' Salary Act of 1947, as supplemented by Public Law 151, Eighty-first Congress, approved June 30, 1949;

"(2) the chief judge and the associate judges of the Municipal Court of Appeals for the District of Columbia, and of the Municipal Court for the District of Columbia and the judges of the Juvenile Court of the District of Columbia;

"(3) officers and members of the Metropolitan Police, the Fire Department of the District of Columbia, the United States Park Police, and the White House Police;

"(4) employees in recognized trades or crafts, or other skilled mechanical crafts or in unskilled, semiskilled, or skilled manual labor occupations whose compensation is fixed and adjusted from time to time by a wage board and approved by the Commissioners of the District of Columbia."

Time has not permitted the ascertainment of advice from the Bureau of the Budget as to the relationship of this report to the program of the President.

Respectfully,

JOHN RUSSELL YOUNG,
President, Board of Commissioners, District of Columbia.

ADMINISTRATION OF PERFORMANCE RATING PLAN

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 701 OF THE CLASSIFICATION ACT OF 1949

SEC. 701. **[(a)]** Each officer or employee compensated on a per annum basis, and occupying a permanent position within the scope of the compensation schedules fixed by this Act, who has not attained the maximum scheduled rate of compensation for the grade in which his position is placed, shall be advanced in compensation successively to the next higher rate within the grade at the beginning of the next pay period following the completion of (1) each fifty-two calendar weeks of service if his position is in a grade in which the step-increases are less than \$200, or (2) each seventy-eight calendar weeks of service if his position is in a grade in which the step-increases are \$200 or more, subject to the following conditions:

(A) That no equivalent increase in compensation from any cause was received during such period, except increase made pursuant to section 702 or 1002;

(B) **[(That his current efficiency rating is "Good" or better than "Good"); That he has a current performance rating of "Satisfactory" or better; and]**

[(C) That the service and conduct of such officer or employee are certified as being otherwise satisfactory by the department; and]

[(D)] (C) That the benefit of successive step-increases shall be preserved, under regulations issued by the Commission, for officers and employees whose continuous service is interrupted in the public interest by service with the armed forces or by service in essential non-Government civilian employment during a period of war or national emergency.

[(b) The term "good" as used in this title shall have the same meaning as when used in the systems of efficiency rating established pursuant to title IX of this Act.]

SECTION 702 (A) OF THE CLASSIFICATION ACT OF 1949

SEC. 702. (a) Within the limit of available appropriations and in accordance with standards promulgated by the Commission, each department is authorized, subject to prior approval by the Commission (except as provided in subsection (b)), to make additional step-increases as a reward for superior accomplishment, but no officer or employee shall be eligible for more than one such additional step-increase within each of the time periods specified in section 701 **[(a)]**.

SECTION 703 (B) (2) OF THE CLASSIFICATION ACT OF 1949

(2) No officer or employee shall receive a longevity step-increase unless his current **[(efficiency rating is "good" or better than "good", and his service and conduct are certified as being otherwise satisfactory by the department.)** *performance rating is "satisfactory" or better.*

SECTION 4 OF THE ACT OF AUGUST 23, 1912 (37 STAT. 413)

[(Sec. 4. The Civil Service Commission shall, subject to the approval of the President, establish a system of efficiency ratings for the classified service in the several executive departments in the District of Columbia based upon records kept in each department and independent establishment with such frequency as to make them as nearly as possible records of fact. Such system shall provide a minimum rating of efficiency which must be attained by an employee before he may be promoted; it shall also provide a rating below which no employee may fall without being demoted; it shall further provide for a rating below which no employee may fall without being dismissed for inefficiency. All promotions, demotions, or dismissals shall be governed by provisions of the civil-service rules. Copies of all records of efficiency shall be furnished by the departments and independent establishments to the Civil Service Commission for record in accordance with the provisions of this section: Provided, That in the event of reductions being made in the force in any of the executive departments no honorably

discharged soldier or sailor whose record in said department is rated good shall be discharged or dropped, or reduced in rank or salary.

Any person knowingly violating the provisions of this section shall be summarily removed from office, and may also upon conviction thereof be punished by a fine of not more than one thousand dollars or by imprisonment for not more than one year.

THE ACT OF JULY 31, 1946 (5 U. S. C. 669a)

That no employee in any civilian position in the executive branch of the Government of the United States, other than an employee in or under the field service of the Post Office Department or any employee of the Tennessee Valley Authority, shall be rated as to efficiency except under a system of efficiency ratings approved by the Civil Service Commission, and that the provisions of section 9 of the Classification Act of 1923, as amended, or as may be hereafter amended, shall apply to all efficiency ratings under rating systems approved by the Civil Service Commission.

The Civil Service Commission is hereby authorized to make and publish rules and regulations for the administration of the provisions of this Act.

SEC. 2. The provisions of this Act shall be effective upon enactment, except that, with respect to employees in the field services whose positions are not subject to the Classification Act of 1923, as amended, such of the provisions of section 9 of the Classification Act of 1923, as amended, as require the Civil Service Commission to approve reductions in compensation and dismissals for inefficiency, or confer the right to a hearing and review of efficiency ratings by boards of review, shall not become effective until such boards of review in the field services are established as provided in section 7 of the Act of November 26, 1940 (54 Stat. 1215), under regulations prescribed by the Civil Service Commission, with the approval of the President.

TITLE IX OF THE CLASSIFICATION ACT OF 1949

TITLE IX—EFFICIENCY RATINGS

SEC. 901. (a) The Commission shall establish and may revise uniform systems of efficiency rating for the appraisal of the service of officers and employees in positions in the classes and grades provided by this Act. Such systems shall set forth degrees of efficiency which shall constitute ground for (1) the recognition of outstanding performance, (2) the granting of increases in the rate of compensation, (3) continuance at the existing rate of compensation, (4) decrease in the rate of compensation of officers and employees who at the time are above the middle rate for the grade in which their positions are placed, and (5) removal from the position or dismissal from the service.

(b) Each department shall rate in accordance with such systems the efficiency of each officer or employee under its jurisdiction. Ratings shall be open to inspection by representatives of the Commission and by officers and employees of the department in accordance with regulations issued by the Commission. Each officer or employee shall have the right to inspect the detailed report of his own rating.

(c) Reductions in compensation, removals from positions, or dismissals from the service shall be made by the departments whenever the efficiency ratings warrant.

SEC. 902. (a) There shall be established in each department one or more boards of review each of which shall be composed of three members. One member, who shall serve as chairman, shall be designated by the Commission; one member shall be designated by the department concerned; and one member shall be designated by the officers and employees of the department concerned in such manner as may be determined by the Commission.

(b) Alternate members shall be designated in the same manner as their respective principal members. The boards of review shall meet at the call of their respective chairmen for the purpose of considering and passing upon the merits of such efficiency ratings assigned to officers and employees as may be submitted to such boards of review as hereinafter provided.

(c) Any officer or employee shall, upon written request to the chairman of the appropriate board of review of his department, be entitled as a matter of right to a hearing and a review by such board of review of his efficiency rating. At the hearing the officer or employee, and such representative as he may designate, and such representatives of the department as may be designated by the depart-

ADMINISTRATION OF PERFORMANCE-RATING PLANS

ment, shall be afforded an opportunity, (1) to submit orally or in writing any information deemed by the board of review to be pertinent to the case, and (2) to hear or examine, and reply to, any such information submitted to such board by other parties. After any such hearing the board may make such adjustment in any such efficiency rating as it may find to be proper.

Sec. 903. The Commission shall make a study of efficiency rating systems in the Federal service and submit a report to Congress on or before February 1, 1950, setting forth its findings as to the operation and administration of such systems and such recommendations (including specific recommendations for legislation) as it may deem advisable.]

APPENDIX I

HISTORY OF THE EFFICIENCY-RATING SYSTEM IN THE FEDERAL SERVICE

There are records of efficiency-rating systems in Government departments as early as 1887, when they were required to be used in promotion examinations. Presidents Cleveland and Benjamin Harrison both made efforts to have efficiency ratings made so that advancements to higher-paying positions would be based on efficiency. A committee, appointed by President Theodore Roosevelt in 1905, recommended the preparation of semiannual efficiency ratings. It was not until 1912, however, that any serious attempt was made to provide for uniform systems of efficiency ratings.

By the act of August 23, 1912 (37 Stat. 413, 414), the Civil Service Commission was directed to establish uniform systems of efficiency ratings for all departmental services in the District of Columbia, and heads of departments were ordered to rate employees in keeping with such systems.

Under this authority, the Division of Efficiency of the Commission assisted in planning and installing a rating system in the Division of Dead Letters in the Post Office Department. Shortly thereafter, in 1914, the system was modified and extended to all departmental activities of the Post Office Department.

The Division of Efficiency of the Commission became an independent Bureau of Efficiency by the act of February 28, 1916 (39 Stat. 15), and continued cooperative efforts with different departments in the establishment of rating systems.

On October 24, 1921, the President directed the Bureau of Efficiency to "prescribe a system of rating of employees of the classified services of the Federal Government in the District of Columbia." Heads of departments and independent establishments were directed to apply this system to all employees (Executive Order No. 3567).

Section 9 of the Classification Act of 1923 (42 Stat. 1488), authorized the Personnel Classification Board to review and revise uniform systems of efficiency ratings, and established standards for such rating systems. The law required a rating level which must be attained to receive salary advancement within a grade, a rating level to permit retention in the grade without advancement or reduction in pay, a rating level to require reduction in pay within the grade, and a rating level which would require dismissal or demotion in grade. Dismissals, demotions, and pay reductions required by ratings were to be made by heads of departments, subject to the approval of the Board.

By the act of June 20, 1932 (47 Stat. 416), the functions, powers, and duties of the Personnel Classification Board were transferred to the Civil Service Commission, effective October 1, 1932. The following year the Bureau of Efficiency was abolished by the act of March 3, 1933 (47 Stat. 1519), and its property and records were transferred to the Bureau of the Budget.

Section 7 of the Ramspeck Act of November 26, 1940 (54 Stat. 1215), authorized the establishment of independent boards of review to hear and decide efficiency-rating appeals.

Efficiency ratings for employees in the field services were first required by the act of August 1, 1941 (55 Stat. 614), which directed the Commission and heads of departments and independent establishments to apply the efficiency-rating provisions of the Classification and Ramspeck Acts, "as nearly as practicable," to all employees paid under the compensation schedules of the Classification Act.

Efficiency ratings as a factor in reductions in force had been previously authorized by Executive orders, but their use was required by law under the terms of section 12 of the Veterans' Preference Act of June 27, 1944 (58 Stat. 387).

The act of July 31, 1946 (60 Stat. 751), requires Civil Service Commission approval for any efficiency-rating system used for rating employees in the execu-

tive branch of the Government, except the Tennessee Valley Authority and the field service of the Post Office Department.

The first efficiency-rating system established under the authority of the Classification Act was developed around a "graphic rating scale." Supervisors made check marks in black ink indicating their opinion of services rendered under different elements or factors on graduated scales. These check marks were reviewed by higher-level supervisors who concurred in the initial marks or indicated differences of opinion by check marks in red ink. The rating forms were then routed to central offices, known as boards of review, where codes were applied to produce a final rating on a percentage basis, specific to two decimal points. These boards of review were also authorized, in their judgment, to adjust ratings to conform to a predetermined pattern of distribution.

This rating system was devised to eliminate the personal element from the ratings. The supervisor did not make the rating—he merely reported his opinion of performance under a group of factors which applied to the employee's position. The reviewing supervisor did not make or approve a rating—he merely reviewed the initial supervisor's judgment as to performance under the various factors. The board of review did not use personal opinion but merely applied a code of weights to the opinions of the supervisors.

During the 10 years of its use, the graphic scale system of rating was very unpopular. No employee was able to obtain an explanation of his rating from any of his supervisors. Supervisors had difficulty in advising employees how to improve performance in order to receive a better rating. Everyone was suspicious of the results at every rating period.

After a series of conferences with representatives of all departments and independent establishments, the Commission revised the efficiency-rating system in 1935. In every possible way, the revised system was the direct opposite of the graphic rating scale system. Factors were grouped under three headings: "Quality of performance," "Productiveness," and "Qualifications shown on job." Each factor was marked with a "plus" for strong, "minus" for weak, or a check mark if "neither strong nor weak." Numerical ratings were assigned under each heading; 1 or 2 if "excellent," 3 or 4 if "very good," 5 or 6 if "good," 7 or 8 if "fair," and 9 or 10 if "unsatisfactory." The numerical ratings were independent of the factor marks. The final rating was the sum of the three numerical ratings. Adjective ratings were as follows: 3 to 7 "excellent," 8 to 13 "very good," 14 to 19 "good," 20 to 24 "fair," and 25 to 30 "unsatisfactory." There were no definitions. No adjustments were permitted to reach a desired pattern of distribution.

This system also became unpopular because of the absence of any guide lines to indicate what kind of performance was excellent, very good, good, fair, or unsatisfactory. There was almost no basis upon which reviewers of ratings could discover differences of rating standards. Employees soon learned that what was considered as "Good" performance in one department was rated as "Excellent" in a different department.

Numerous changes have been made since 1940 in the rating system for employees in Classification Act positions. Rating elements have been made more specific. Supervisory judgments are reported on the rating elements by the use of symbols designating three evaluation levels. Plus marks now indicate outstanding performance and not merely a show of strength. A check mark signifies adequate performance and not "Neither strong nor weak." Numerical ratings were modified and then eliminated. Final adjective ratings are keyed to the element marks by a definite standard.

The uniform efficiency rating system has been devised by the Civil Service Commission (with the cooperation of the Federal agencies through the Federal Personnel Council), and applies to all Federal employees occupying positions paid under the compensation schedules of the Classification Act.

Ratings are prepared initially by the immediate supervisor, reviewed by higher supervisors, and reviewed and approved by an efficiency rating committee which exercises the authority of the head of the agency. Regular efficiency ratings are made on a standard form which contains 20 factors that are applicable to non-supervisory positions and 11 factors that are available for administrative, planning, and supervisory positions. Only those factors which pertain to the position of the employee are used for the appraisal of that employee's work performance. In a few experiments now being conducted with the approval of the Commission, the work operations or the duties of the position are used instead of the factors listed on the rating form.

After the appropriate factors are selected for a particular position, the especially important ones are shown by underlining. Then a symbol is placed in front of

ADMINISTRATION OF PERFORMANCE-RATING PLANS

each pertinent factor indicating whether the employee's performance has (/) met, (+) exceeded, or (—) failed to measure up to job requirements. On the basis of these evaluations, a final adjective rating is assigned.

Five adjective ratings are provided: Excellent, very good, good, fair, and unsatisfactory. Each employee is notified of the particular adjective rating assigned by means of a standard form which tells the significance and meaning of the rating and what initial step he may take if he is not satisfied that the rating is correct. Under the uniform plan, the employee has the right to see his own rating form, to know the ratings of other employees of his agency, and to appeal his rating to a board of review.

Up to January 15, 1948, three types of ratings were provided: Regular, probational, and special. Regular ratings were to be made as of March 31 of each year, probational ratings at the end of the tenth month of the probational period, and special ratings when there was no current appropriate rating in record and one was needed for within-grade salary advancement or reduction in force. After the cessation of hostilities, when the size of the Government service was being reduced rapidly, a great many special ratings were made which were based on short periods of service. Consideration of this problem resulted in a change in the uniform efficiency-rating system which eliminated special ratings. Effective January 15, 1948, the system provides for two types of ratings: Entrance and regular. An entrance rating is given when an employee is appointed or changes his position. A regular rating is assigned when the employee has been in his position for 6 months, and annually thereafter on March 31 or in accordance with an agency plan approved by the Commission which might provide a different date or anniversary ratings for individual employees.

Another of the recent revisions of the uniform system incorporates the principle that ratings of "Fair" or "Unsatisfactory" should not be assigned unless the employee was given a warning 3 to 6 months prior to the rating, specifically informing him (a) how his performance fails to meet requirements, (b) how he may improve his performance, (c) that he has the opportunity to bring about such improvement, and (d) that he will receive a "Fair" or "Unsatisfactory" rating if his performance does not improve to meet required standards.

Prior to 1941, an employee who was dissatisfied with his efficiency rating could appeal only to his supervisors who had approved the rating. If any hearing was held, it was before an official, or a board of officials, in his own agency. However, the act of November 26, 1940, authorized the establishment of boards of review to consider efficiency-rating appeals.

This act provided for boards having three members—the chairman to be designated by the Civil Service Commission, one member to be designated by the head of the department, and the third member to be designated by the employees of the department in the manner determined by the Commission. Employees are entitled, as a matter of right, to a hearing and review of their efficiency ratings. They have the right to be represented, to submit information, and to hear, examine, and reply to information presented by other persons at the hearing.

Boards of review were established and began operating in 1941. At that time, only departmental-service employees whose positions were under the Classification Act could appeal to boards of review. This right was extended, insofar as practicable, to Classification Act employees in the field service by the act of August 1, 1941. Regulations were issued in 1942, whereby field service employees whose positions were under the Classification Act were permitted to appeal in writing even though no boards were established in the field service. The departmental service boards took care of these appeals. The right of appeal was extended to other employees by the act of July 31, 1946, even though their positions were not subject to the Classification Act. This law, however, specifically exempted employees in the field service of the Post Office Department and all exempted employees of the Tennessee Valley Authority. The right of a hearing and review of employees of the Tennessee Valley Authority was not under the Classification Act for field-service employees whose positions were not under the Classification Act was postponed until field boards of review were established. In 1948, the Commission appointed chairmen of boards in its regional offices and field boards began to be established. A number of them are now in operation.

Efficiency ratings are used as a basis for within-grade pay increases. Title VII of the Classification Act of 1949 provides for successive salary advancements based on several factors, one of which is efficiency ratings. Ratings of "Good" or better permit periodic salary advancement by successive steps up to and including the maximum rate for the grade. Periodic within-grade salary advancements under the law and regulations are made by departments and agencies without review by the Commission.

Efficiency ratings are likewise a factor in calculating the retention credits which are used in determining the order in which employees are affected by reduction in force.

Reductions in compensation, demotions, and dismissals are actions that flow from efficiency ratings of below "Good" and are subject to approval by the Commission in the cases of all graded and ungraded employees in the departmental and field services, except employees of the Tennessee Valley Authority and the field service of the Post Office Department. Accordingly, specific procedures have been issued, governing salary reductions, demotions, and dismissals by heads of departments based on efficiency ratings. These procedures do not apply to employees serving probational periods.

Under these procedures, the employee is given a written notice, at least 30 calendar days in advance of the proposed effective date of the proposed action, stating (1) specifically what the performance requirements of his position are and how he failed to meet these performance requirements; (2) the nature and date of the proposed action, and, in any case of reduction in pay, the grade and title of the position and the new salary rate; and (3) that he may make a written reply to the agency within a specified period which shall be not less than one calendar week from the date of receipt of the notice, stating why the action should not be taken. The agency is required to consider the employee's answer and make such changes and adjustments in the efficiency rating and in the action resulting therefrom as are deemed appropriate. If these procedures are followed, the department's action is approved. In the case of a veteran, the approval is subject to any appeal by the employee under section 14 of the Veterans' Preference Act of 1944. If the employee has appealed his efficiency rating to a board of review, approval is subject to the board's decision on the merits of the rating.